Revenue (1948) Department.

SERIES.

G.O. No. 2273

Dated 21.9.48

[Despatch Abstract.]

Madras Estates Land (Reduction of Rent) Act, 1947 - Application of the provisions of the Act - Instructions issued.

EVENUE DEPARTMENT
Subject.

Estates - Rent Reduction - Certain problems arising under the Rent Reduction Act XXX (1947).

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Ref. No. G.3682/48-1.

Madras. Dated the 15th July 1948.

From

C.A. Ramakrishnan, Esq., I.C.S.,
Joint Secretary, Board of Revenue.

S. Ranganathan, I.C.S.,
Commissioner of Land Revenue and Commercial Taxes.
V.N. Kudva, Esq., I.C.S.,
Commissioner of Land, Excise and Prohibition.
V.S. Hejmadi, Esq., I.C.S.,
Commissioner of Civil Supplies and Separate Revenue.

Reference:-

The Board desires to bring to the notice of the Government certain important questions which have arisen in connection with the reduction of rents in Estates under Madras Act of 1947. The present method adopted by the Special Officer for reduction of rents results in certain glaring anomalies which call for redtification. Before any deviation from the present method can be made, it is necessary to come to a decision on the true interpretation of Section 2 of the Act. The Board therefore sets out for the orders of Government the problems arising in this connection and its suggestions regarding the possible lines which they could be solved.

2. The method adopted by the Special Officer for Reducing Rents is as follows:-

(1) He selects a single Estate village or a group of such villages where conditions are similar. He selects also a ryotwari village in the neighbourhood where conditions are approximately similar to the Estate village. He determines the average rent prevailing in the Estate village and the average assessement in ryotwari village respectively for each class of land, viz., wet, dry and garden. The rent in the estate village is reduced by the fraction thus arrived at for each of the above three classes of land.

(2) The method gives rise to anomalies for the following two chief reasons. There are several rates of rents prevailing in Estate villages in respect of each class of land, say, wet land. These rates do not bear a common ratio to the corresponding ryotwari assessment. For instance the ryotwari assessment corresponding to an estate wet rate of Rs. 20/- may be Rs. 10/-; while that corresponding to a rate of Rs. 7/- may be Rs. 5/-. If a uniform percentage of reduction is adopted on the basis of the ratio of average rent to the average ryot-wari assessment then the reduced rates do not in certain cases correspond even approximately to the level of the corresponding ryotwari assessment. The rates in the lower limits are reduced far below the lowest ryotwari assessment and the rates in the higher limits remain far above the highest ryotwari assessment in the neighbourhood. There is no relief where the rates are most oppressive wnile there is undue reduction where no reduction is called for.

(3) The average cash rent in the estate village and the average ryotwari assessment in the Government village depend on the taram of the bulk of the lands in the respective villages. If a major extent of the lands in the Government village belongs to a higher taram than in the estate village the average ryotwari assessment will be higher than the average estate rent. If, on the other hand, there is a preponderance of superior lands in the

estate village, the average estaterent will be higher than the average assessment.

(4) These considerations indicate that great care has to be taken in the choice of the Government village taken for comparison. It is also seen that a mechanical application of a uniform percentage of reduction produces unequitable results not contemplated in the Act. Certain illustrative examples are given below.

(5) The Special Officer has made the following proposals for the reduction of rents in Rajunagalapalli of Chintalapuri taluk of West Godavari district. The Government village of Gokavaram has been taken for comparison.

Upland wet.

Existing rate.	Extent of reduction.	Reduced rate.	Ryotwari rate in Government village of Gokavaram,
For the estate village of Rajunagapalli.			
Rs. per acre.		Rs. per acre.	Rs. per acre.
3	Reduced to 2/9.	0-11-0	1-15-0.
11		2- 7-0	2- 6-0.
12		2-11-0	3- 0-0.
13		2-14-0	3-14-0.

(Average estate rent Rs. 11-14-8. Average wet assessment Rs. 2-13-0. Ratio. 2/9.

Upland Dry.

0-5-0	Reduced to 2/5th.	0-2-0	0-5-0.
0-8-0		0-3-0	0- 9-0.
1-0-0		0-6-0	0-12-0.
2-15-0		1-3-0	1- 2-0.
3- 0-0.		1-3-0	2- 0-0.

(Average dry rent 1-5-4. Average dry assessment 0-7-10. Ratio 2/5th.).

(6). By comparison of the average rate of rent for wet lands in the Estate village with the average wet assessment in the Government village the Special Officer has proposed the reduction of the rate of rent for wet lands to 2/9th of the present rates. The present wet rate of Rs. 3/- is accordingly rpoposed to be reduced to annas 11 which is lower than the lowest ryotwari wet assessment of Rs. 1-15-0 in Gokavara village. Similarly in regard to rents for dry lands in existing rates of annas 5 and annas 8 are proposed to be reduced to annas 2 and annas while the lowest ryotwari rate in Gokavaram is only annas five.

(7). There are even more glaring anomalies in respect of the proposals received for certain other villages, for example, the rate of 2 annas and 8 annas in Ayyavaripolavaram is proposed to be reduced to 1 anna and 4 annas while the lowest rate if ryctwari assessment in the Government village selected for comparison is only 5 annas per acre.

(8) Another type of anomaly is noticed in respect of the proposa ls relating to Amaparru village in Tanuku village. The village consists of dry lands and the rates vary from Rs. 1-100 to Rs. 12-8-0. The Special Officer has proposed a reduction of the rents by 2/11 th

on a comparison of the averages. The reduced rents in many cases are much higher than the maximum ryotwari assessment in the ryotwari village, namely Rs. 5-15-0. The reduced rents which work out to Rs. 10-4-0, 8 etc. for dry lands seem to be unduly high.

(9). It is obvious that rents which are already lower than the lowest rate ryotwari assessment in the selected ryotwari village should not be further reduced. The intention of theAct is to reduce the rent approximately to the level of ryotwari assessment. It will be very inadvisable to reduce them considerably below the level of ryotwari assessment by a mechanical application of a fraction of reduction worked out by a comparison of averages. The Government will themselves be faced with a very difficult problem when they seek later to raise the reduced rents as a result of the introduction of ryotwari settlement. There is bound to be considerable agitation from the ryots if the present reduced rents have to be substantially increased as a result of a regular ryotwari assessment. Even on the grounds of equity, there is no case for reducing the rent below the lowest ryotwari rate of assessment. Under the explanation No. 1 to Section 2, the Special Officer has no power to enhance rents in cases where they are lower than the ryotwari assessmant. It stands to reason that the converse proposition must also apply viz., that where an estate rent is alr ady lower than the ryotwari assessment it should be left as it is and not reduced still further by applying the fraction of reduction. Likewise even where an estate rent is higher than the lowest ryotwari assessment, the reduction should stop at the limit of lowest ryotwari assessment and not go further down.

3. The problem of dealing with the anomalies in the higher level of rents in a more difficult one. The following are possible methods of dealing with it.

The estate rates which now exceed the highest ryotwari assessment may all be reduced to the level of the highest ryotwari rate or to the extent determined by the Special Officer by applying the fraction of reduction whichever is lower. The fraction of reduction willbe applied to rates intermediate between the highest and lowest ryotwari rates. The reduction will stop at the lowest level of ryotwari assessment and will not go further down.

A second method would be to classify the estate rates for each class of land (say, wet) into a few groups according to the tarams of the landsand work out a separate fraction of reduction for each group by comparing the average rent under each group with the corresponding average assessment for that group. This would minimise anomalies to a great extent and ensure that the reduced rents correspond to the level of ryotwari assessment.

The objection to the first method would be that the reduction is not proportionate to the existing ra e and all the higher rates are reduced to a single rate. The fraction of reduction based on the average would not be strictly applicable to the intermediate rates as the average includes also the higher rates.

The second alternative would involve more detailed inspection and a rough assessment of soils and tarams. This is likely to retard the progress of the rent reduction operations. The present method has the advantage that it is the simplest and quickest but it has the obvious defects pointed out already. The Board therefore solicits the instructions of the Government whether they are in favour of continuing the present method or desire to secure more equitable results though at the sacrifice of some spreed.

4. An important question of interpretation of Section 2 of theAct arises in this connection. Section 2 lays down that the Special Officer shall compare the average rates of cash rent in the estate village with the average rates of ryotwari assessment in the similar Government village selected for the purpose and determine the extent if any to which the rates of rent payable for

each class of ryoti land in the estate village should in his opinion be reduced. The question is whether there can be only a single fractio of reduction in respect of each class of ryoti land, i.e. wet land, dry land and garden land.

The Board submits that section 2(3) which prescribes the mode of reduction has to be read with the preamble to the Act which governs the scheme of the Act. According to it the Act of the/ryotwari assessment provides for the reduction of rent approximately to the level of the ryotwari assessment in the neighbourhood. It will be inconsistent with the object of the Act if the Special Officer determines an extent of reduction which will bring down the level of rents in the estate village far below the lowest ryotwari assessment or which will retain the rents at rates far higher than the highest ryotwari assessment. The wording of Section 2(3) also shows that after comparing the two averages the Special Officer should make due allowance for any difference in conditions prevailing in the two villages taken for comparison. The Board is of the view that by the wording of section 2(3) considerable discretion is allowed to the Special Officer in deciding the extent by which the various rates of rent in the estate, in respect of each class of land shall be reduced and that he is not obliged to adopt a uniform percentage of reduction in respect of all the rates of rents in a particular class of land, say wet land. Even if the Government considers that on a strict interpretation of section 2(3) of the Act the Special Officer could determine only a single fraction as the extent of reduction in respect of the entire range of rates under each class of land say wet land, the Board submits that th Government may invoke section 9 of the Act conferring power on them to remove difficulties and authorise the Special Officer to adopt differe percentages of reduction wherever necessary in respect of each class of land in order that glaring anomalies may be avoided and that the object of the Act, namely of reducing rents approximately to the level of ryotwari assessment may be achieved.

5. Another important matter is the choice of the Government village for comparison. The Act and the rules as they stand at present do not require the Special Officer or his assistant to call for suggestions from the land holder or ryot in regard to the village to be selected for comparison. It is stated by the Special Officer that the Assistant Special Officers do informally consult them even now. Cases have, however, come to the notice of the Board where in reply to the notice published under Rule 4 of the rules framed under theAct the landholders or tenants object to the selection of a particular ryotwari village and offer suggestions as to alternative villages. The Special Assistants while reporting on the objection petitions do not offer any comments on the alternative villages selected as they have evidently not inspected them or considered them while selecting the village for comparison. The Board therefore proposes to direct Special Assistants to call for suggestions from the landholders and ryots in regard to the village to be selected and consider them before making their final selection. They would also be required to record their reasons for making their choice and for not accepting suggestions made if any. This would enable the Special Assistants to meet the objections raised later to their choice and would not give room to any complaint that the selection has been made arbitrarily.

6. The Board also proposes to direct the Special Assistants to submit at the conclusion of the operations relating to each estate a statement showing the extent under each class of land, the rent roll of the estate before reduction, the rent roll after reduction and the peshkush, quit rent or other sum payable to Government. This would give the Government as idea of how the operation affect the landholder and tenants and the extent of relief given to ryots by the Act. This would also enable special steps to be taken in cases where the rent is reduced unduly for example, where the reduction makes the rent roll barely equal to or less than the peshkush due to Government. The Board requests the early orders of Government on the various points set forth above as future proposals

have to be based on instructions which may be issued by Government.

x x x x
For Joint Secretary.

To

The Secretary to Government, Revenue Department, Madras.

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GOVERNMENT OF MADRAS.
Abstract.

Madras Estates Land (Reduction of Rent) Act, 1947 - Application of the provisions of the Act - Instructions issued. . . .

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REVENUE DEPARTMENT

G.O. Ms. No. 2253. Dated the 21st September 1948.

Read:-

From the Board of Revenue, G.3682/48-1 dated 15.7.1948.

Order:-

The Government have carefully considered the points raised by the Board of Revenue in its reference read above. The anomalies pointe out by the Board arise mainly because the rates of rent obtaining in estates in many cases rest on no intelligible basis and the uniform application of a principle of arithmetical reduction is bound to lead to very considerable anomalies. As the same time the general principle which the Board seeks to lay down, viz. that in no case should the rate of rent fixed under the Madras Estates Land (Reduction of Rent) Act, 1947 go above the highest rate of assessment even go below the lowest rate of assessment for the same class of land in the selected ryotwari area, cannot be worked into the scheme of the Act as it will lead to demostrably to other anomalies. For one thing it leaves out of account given rent areas where the loss of income to the landholder will be very great. The Government are therefore unable to accept the general principle proposed by the Board.

2. The Board has raised the question whether under section 2(3) of the Madras Estates Land (Reduction of Rent) Act, 1947, it is open to the Special Officer to determine more than one fraction of reduction for each class of ryoti land in a village. The Government consider that it is open to him to do so. The language of sections 2(3) and 3(2) of the Act is so wide that anomalies of the kind referred to by the Board can be minimised by intelligent and wise guidance by the Special Officer. The Government accordingly consider that while no general rule capable of universal application can be laid down, the law does give wide discretion and that it need not be mechanically applied. The Board is requested to instruct the Special Officer to proceed accordingly giving special attention to extremely low and extremely high rates of rent.

3. The Government approve the proposals contained in paragraph 5 and 6 of the Board's reference read above. The selection of a "similar" village is a very important matter and should be given careful attention.

(By Order of His Excellency the Governor).

S.Y. Krishnaswamy,
Secretary to Government.

To

The Board of Revenue.

To

The Board of Revenue.
Copy to the Special Officer for Rent Reduction.

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/True copy/

S. Jayasankar
Office Assistant,
Madras Record Office.

k.y.s.